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## **OLR Bill Analysis**

### **sSB 801**

#### ***AN ACT MAKING MANUFACTURING ASSISTANCE ACT FUNDS AVAILABLE FOR THE SMALL BUSINESS EXPRESS PROGRAM.***

#### **SUMMARY:**

This bill authorizes an additional \$60 million in general obligation bonds for the Small Business Express Program, increasing its total bond authorization to \$160 million. It does this by tapping portions of the bonds previously authorized for different purposes under the Manufacturing Assistance Act program (MAA). It specifically taps the \$40 million authorized in FY 13 for small business development under MAA and \$20 million of the bonds authorized for general MAA purposes.

The bill requires the Department of Economic and Community Development (DECD) to spend the bond proceeds under Express' rules, not MAA's. Regarding the \$40 million authorized for FY 13, the bill requires DECD, as under current law, to use any fiscal year-end balance for general MAA purposes. Regarding the \$20 million reserved from the bonds authorized for general MAA purposes, the bill requires DECD to deposit the proceeds in Express' account. The bill imposes no deadline by which DECD must use this bond authorization before which it becomes available for general MAA purposes.

EFFECTIVE DATE: Upon passage

#### **BACKGROUND**

##### ***MAA and Express***

MAA and Express differ in several ways. Enacted in 1990, MAA provides grants, loans, loan guarantees, credit extensions, and other types of financing to small and large businesses, nonprofit corporations, municipalities, and regional planning organizations for a

range of projects, including developing facilities, acquiring new machines and equipment, diversifying local and regional economies, and supporting research and development.

The amount of funds available for these projects depends on their location. Generally, projects located in the 17 municipalities with enterprise zones qualify for funding covering up to 90% of project costs, while those located in other municipalities qualify for funding covering up to 50% of the costs. Funding levels are higher when municipalities collaborate on a project.

Created in 2011, Express provides matching grants and deferrable or forgivable loans under a streamlined application process to Connecticut-based businesses with fewer than 100 employees and that meet other criteria. Grant and loan amounts range from \$10,000 to \$300,000. Eligible businesses can use the funds to acquire machinery and equipment, construct facilities or make leasehold improvements, cover moving expenses, or meet working capital needs (CGS § 32-7g).

## **COMMITTEE ACTION**

### Commerce Committee

Joint Favorable Change of Reference

Yea 19 Nay 0 (02/05/2013)

### Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 45 Nay 0 (02/14/2013)